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SUBJECT: NEW YORK TIMES STORY ON ALCOA PAYMENTS ABROAD

1. BELOW IS TEXT OF NEW YORK TIMES STORY WHICH APPEARED
JULY 15. GUIDANCE FOLLOWS SEPTTEL.

2. "ALCOA ASSERTS A US ENVOY SOLICITED PAYMENT ABROAD" BY
ROBERT D. HERSHEY JR. BEGIN TEXT: WASHINGTON, JULY 14--
AN UNIDENTIFIED UNITED STATES AMBASSADOR SOLICITED AT LEAST
DOLS 25,000 FROM THE ALUMINUM COMPANY OF AMERICA THAT
APPARENTLY WAS PAID TO OFFICIALS AND POLITICAL PARTIES OF A
FOREIGN COUNTRY, ACCORDING TO PAPERS FILED BY THE COMPANY
RECENTLY WITH THE SECURITIES AND EXCHANGE COMMISSION.

THIS WAS BELIEVED TO REPRESENT THE FIRST PUBLICLY DOCUMENTED
INSTANCE IN WHICH AN AMERICAN ADMINISTRATION OFFICIAL HAD
BEEN IMPLICATED IN THE CONTINUING WAVE OF DISCLOSURES OF
QUESTIONABLE AND ILLEGAL PAYMENTS BY AMERICAN CORPORATIONS.

THE INCIDENT OCCURRED DURING 1971 AND 1972 IN A COUNTRY THAT
WAS NOT NAMED IN ALCOA'S SEC FILING. NEITHER THE COMMISSION
NOR THE COMPANY WOULD DISCLOSE TODAY ANY HINT OF WHICH COUN-
TRY IT WAS OR THE AMBASSADOR'S IDENTITY.

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A STATE DEPT SPOKESMAN DENIED ANY KNOWLEDGE OF THE EPISODE, COMMENTING ONLY THAT, "IN PRINCIPLE, I WOULD REJECT OUT OF HAND THE NOTION OF AN AMERICAN AMBASSADOR DOING THAT."

ALCOA'S DISCLOSURE CAME AT A TIME OF GROWING SUSPICION ABOUT THE ROLE OF THE UNITED STATES GOVT IN FOREIGN PAYMENTS. IN APRIL THE NEW YORK TIMES REPORTED THAT THE CENTRAL INTELLIGENCE AGENCY KNEW OF BRIBES PAID IN JAPAN BY THE LOCKHEED AIRCRAFT CORPORATION, ALTHOUGH IT WAS NOT ESTABLISHED THAT ANY EMPLOYEE OF THAT AGENCY TOOK AN ACTIVE PART IN SEEKING THE MULTIMILLION-DOLLAR PAYMENTS THAT WENT TO JAPANESE OFFICIALS.

ACCORDING TO ALCOA'S FILING, AN INVESTIGATION BY THE COMPANY UNCOVERED EVIDENCE THAT IN 1971 THE UNIDENTIFIED AMBASSADOR APPROACHED A SENIOR COMPANY OFFICIAL WITH A REQUEST THAT ALCOA CONSIDER MAKING A CONTRIBUTION TO A PROPOSED EDUCATIONAL PROGRAM IN THE FOREIGN COUNTRY.

ADVANTAGES DEPICTED

THE PURPOSE OF THE PROGRAM WAS TO EXPLAIN TO THE CITIZENS OF THAT COUNTRY THE ADVANTAGES OF PERMITTING UNITED STATES INVESTMENTS HERE.

ALCOA, THE WORLD'S LARGEST ALUMINUM COMPANY, AGREED TO MAKE THE CONTRIBUTION AND PAID DOLS 25,000 BY CASHIER'S CHECK TO "THE POLITICAL PARTY THEN IN CONTROL OF THAT COUNTRY." IN AN EFFORT TO OBTAIN CONFIDENTIALITY, ALCOA SAID, THE PAYMENT WAS RECORDED ON THE BOOKS OF ITS SUBSIDIARY AS A MISCELLANEOUS EXPENSE.

BUT ALCOA'S INVESTIGATION COULD NOT DETERMINE WHETHER THE EDUCATIONAL PROGRAM WAS EVER CARRIED OUT, AND THEREFORE THE PAYMENT "MAY HAVE BEEN, OR ULTIMATELY RESULTED IN, A POLITICAL CONTRIBUTION."

SUBSEQUENTLY, THE COMPANY SAID, FOUR ADDITIONAL PAYMENTS TOTALING DOLS 25,000 WERE MADE TO POLITICAL OFFICIALS. IN ADDITION, ALCOA SAID IT MADE A DOLS 5,000 POLITICAL CONTRI-LIMITED OFFICIAL USE

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BUTION IN THE (SIC)

ALTHOUGH ALCOA WAS UNWILLING TODAY TO DISCUSS ANY ELEMENT OF ITS DISCLOSURE TO THE SEC, IT YESTERDAY PROVIDED A LIST OF 13 COUNTRIES IN WHICH IT DID A SUBSTANTIAL OVERSEAS BUSINESS, AND A SPOKESMAN CONFIRMED THAT THE COUNTRY IN QUESTION WAS AMONG THEM. THE COUNTRIES ARE AUSTRALIA, BRITAIN, NORWAY, SWITZERLAND, WEST GERMANY, BRAZIL,

JAMAICA, SURINAM, THE DOMINICAN REPUBLIC, GUYANA, MEXICO, JAPAN AND FRANCE.

ALCOA FILED ITS SO-CALLED 8-K REPORT WITH THE SEC LAST FRIDAY, BUT NEWS REPORTS AT THAT TIME WERE BASED ON A SUMMARY OF ITS CONTENTS PROVIDED BY THE COMPANY THAT OMITTED REFERENCE TO THE AMBASSADOR'S ROLE.

FOREIGN POLITICAL PAYMENTS IN TWO COUNTRIES TOTALING DOLS 80,000 OVERALL WERE REPORTED AS WELL AS OTHER QUESTIONABLE PAYMENTS BY FOREIGN SUBSIDIARIES OR AFFILIATES TOTALING DOLS 268,300.

THESE WERE ALL MADE FROM 1970 TO 1972.

IN RESPONSE TO INQUIRIES, JAMES S. PASMAN JR, VICE PRESIDENT-FINANCE FOR ALCOA, SAID THAT "IT WOULD SERVE NO USEFUL PURPOSE" TO NAME THE COUNTRY OR AMBASSADOR INVOLVED.

ALCOA'S SEC FILING ALSO STATED THAT, IN THE SAME COUNTRY IN WHICH THE AMBASSADOR SOLICITED THE PAYMENT, THE COMPANY PAID DOLS 49,900 TO A CONSULTANT TO EXPEDITE COMPANY CONSTRUCTION. END TEXT. KISSINGER

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